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ABSTRACT

This report reflects a 9-month study of the existing decentralization and deregulation efforts in higher education in the Commonwealth of Virginia. It also looks for opportunities to reduce the burden needlessly placed on institutions of higher learning by state government bureaucracy. The report first attempts to catalogue more than 100 reports that the state government currently requires institutions of higher education to file annually or biennially and more than 28 oversight or approval processes required for institutions to operate in the areas of finance and administration alone. On average institutions must submit two reports a week to a state agency or government body. With this information, the report then makes some preliminary recommendations for current reporting and oversight requirements that should be eliminated or streamlined. Finally, the report seeks to advance the Commonwealth's decentralization and deregulation efforts by identifying a process that allows institutions to receive more delegated authority while ensuring appropriate levels of public accountability. It also advocates next steps for further decentralization and deregulation in Virginia higher education. To help improve the decentralization process, the report makes seven recommendations. Among these is the suggestion that all state agencies that have administrative approval process and oversight responsibilities identify and articulate more clearly their expectations for institutional performance. Seven attachments describe reporting and oversight requirements in chart form. (SLD)

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STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA

Moving Forward: Strategies for Advancing Decentralization and Deregulation in Higher Education

MAY 22, 2001

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A SCHEV REPORT

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Executive Summary

The Commonwealth's commitment to decentralization and deregulation stretches well beyond the last decade. Despite early efforts to streamline and eliminate unnecessary bureaucratic oversight and control, the Commonwealth has made slow progress in expanding its decentralization and deregulation over the last several years. Throughout this time, the State Council of Higher Education for Virginia (SCHEV) has remained committed to its goal of promoting increased autonomy for the Commonwealth's public colleges and universities, while ensuring public accountability.

This report reflects a nine-month study of the Commonwealth's existing decentralization and deregulation efforts and looks for opportunities to reduce the burden needlessly placed upon institutions of higher learning by state government bureaucracy. It first attempts to catalogue over 100 reports that state government currently requires institutions of higher education to file annually or biennially and over 28 oversight or approval processes required for institutions to operate in the areas of finance and administration alone. With this information, the report then makes some preliminary recommendations for current reporting and oversight requirements that should be eliminated or streamlined. Finally, the report seeks to advance the Commonwealth's decentralization and deregulation efforts by identifying a process that allows institutions to receive more delegated authority while ensuring appropriate levels of public accountability. Third, it advocates next steps for further decentralization and deregulation in Virginia higher education.

Specifically, the report catalogs 111 reports that colleges and universities are required to submit to state government agencies. As a result, institutions of higher education are reporting, on average, two reports *a week* to a state agency or government body. Among those reports, almost half — 53 reports — are required by SCHEV. The remaining 58 reports are required by fifteen other state agencies. As part of its commitment to streamline its own internal process, the Council has recommended streamlining or eliminating almost one-third of its existing reporting requirements. Among other required reports, state agencies identified almost one-fourth that should be eliminated or streamlined in the coming months. In addition, the report identifies three current approval processes required by state government that should be eliminated or streamlined. Perhaps, most importantly, the report documents the continued need for work in this area.

Throughout several months of discussion, SCHEV has found that institutions and central state agencies often had difficulty reaching agreement on future decentralization opportunities. The reason most often identified was a lack of a common understanding of what constitutes a "well managed" institution. As Virginia colleges and universities continue seeking additional responsibilities and further delegation of operational authority, SCHEV believes it is essential that the Commonwealth be able to articulate clearly what constitutes a "well managed" institution, particularly in the areas of finance and accounting, capital outlay, procurement, and human resources.

To help improve the decentralization process, the report makes seven recommendations. Among those recommendations, the report suggests that all state agencies, which have administrative approval process and oversight requirements of institutions, identify and articulate more clearly their expectations for institutional performance. The report also calls for appropriate agencies and the institutions to work together in developing agreed upon evaluation standards. With this information, the Commonwealth will be in a better position to identify institutions ready for further decentralization as well as ensure that institutions remain accountable for results of decentralized activities that use Virginia taxpayer dollars. For meaningful progress to continue in the important area of decentralization, there must be an ongoing process and dialogue. This report reflects SCHEV's commitment to providing that process and promoting the dialogue.

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Moving Forward

As we move into the next decade, the Commonwealth of Virginia faces continued challenges in providing its public institutions with the tools they need to manage their resources effectively while simultaneously ensuring that the institutions are accountable to the public for the efficient use of the state resources they receive. Following almost a decade of discussions during the 1980s, the state made significant strides under the leadership of the Secretaries of Finance, Administration, and Education to provide colleges and universities with opportunities for decentralization, particularly in financial management areas.

If every resource, whether physical, human, or fiscal, is controlled by central processes, institutions cannot be fully accountable for their actions or failure to act.

As in private business, public organizations must control their resources in order to manage them effectively. They cannot be so over-regulated that they cannot quickly make decisions in areas such as employment, compensation, and purchasing. If every resource, whether physical, human, or fiscal, is controlled by central processes, institutions cannot be fully accountable for their actions or failure to act.

Deregulation is the removal or suspension of rules or controls. Decentralization is a shift in the locus of authority from a higher to a lower level. It is the shift of powers from the system to the campus. Decentralization differs from deregulation in that the rules do not change, but the level at which they are enforced does.[1] In order to hold institutions fully accountable for results and outcomes, Virginia's colleges and universities must, whenever possible, be in full control of their resources. Through day-to-day management, working toward stated goals, institution management and faculty can be held accountable for their performance.

The Governor and General Assembly approved the decentralization of higher education administrative functions in 1994. Since then institutions have been encouraged to participate in decentralization pilot programs. The purpose of the pilots was to "waive or modify rules, regulations and reporting requirements," to promote efficient operations in higher education institutions while ensuring proper oversight from central state agencies. Twelve institutions have participated in different decentralization pilots in the areas of payroll and non-payroll processing, purchasing, nongeneral fund capital

[1] Seeking Excellence through Independence. *"Why The Time Is Ripe For Restructuring,"* Terrance, J. MacTaggart, p.11

outlay project execution, and human resource compensation and classification. Based on the success of these programs, the Governor and General Assembly removed the "pilot" status of programs under the Secretary of Finance in the 2000 Appropriation Act. The other decentralization initiatives continue operating as pilot programs. Attachment 1 lists the institutions included in various decentralization programs to date.

Given the success of these decentralization efforts, the State Council of Higher Education for Virginia (SCHEV) set forth increased decentralization as a crucial component of the state's long-term goals to achieve both greater operational efficiencies and increased public accountability. The Council's commitment to decentralization was cited in its *1999 Virginia Plan*, the agency's 1999 strategic plan, and its 2000-02 budget recommendations. Specifically, in the *1999 Virginia Plan*, the Council recommended:

SCHEV's strategic plan articulates its commitment to " reduce the burden of bureaucratic regulations and to make the institutions as flexible and autonomous as possible, while implementing corresponding measures to assure accountability."

> *1.6 Decentralizing appropriate administrative activities at every public college and university that can be empowered to carry out these activities.*

Similarly, the agency's strategic plan states that SCHEV will work:

> *with other state agencies to reduce the burden of bureaucratic regulations and to make the institutions as flexible and autonomous as possible, while implementing corresponding measures to assure accountability.*

The Governor's Blue Ribbon Commission on Higher Education (BRC) also recognized additional decentralization and deregulation as an essential partner of increased accountability, including it as a major component of the proposed institutional performance agreements (IPAs). Specifically, the BRC recommended that each IPA:

> *2.b Empower and equip institutions to plan and act in furtherance of their mission, subject to state policies; and*

2.f Provide greater managerial and operational flexibility at the institutional level in exchange for increased outcome-oriented accountability.

Further, the BRC recognized that "despite decentralization efforts, the institutions remain subject to considerable unnecessary and burdensome regulation and reporting requirements that hamper their effectiveness."[2]

In 2000, the Governor's Blue Ribbon Commission on Higher Education found that, "despite decentralization efforts, the institutions remain subject to considerable unnecessary and burdensome regulation and reporting requirements that hamper their effectiveness."[2]

To address the continued interest in advancing the Commonwealth's decentralization efforts, and to assess the potential for further decentralization or deregulation, SCHEV staff surveyed the institutions on existing central state agency reporting and oversight requirements in the fall of 2000. Based on institutional presentations to the Blue Ribbon Commission, the survey listed the known reports that institutions currently provide to central state agencies and the items that need central approval or oversight authority. Institutions were also invited to add items to the list as appropriate.

Specifically, the survey asked institutions to rate each of the identified reports in terms of the level of *institutional effort* required to generate the report and the report's *value to the institution*. A similar rating was given for oversight items regarding the *value to the institution* in the current process and *institutional priority* for decentralization candidates. Attachments 2 and 3 include lists of the reporting and oversight requirements that the institutions found most burdensome and/or least beneficial.

In January and February of 2001, SCHEV staff met with representatives from 15 central state agencies to discuss all reporting and oversight requirements of colleges and universities. The purpose of these meetings was twofold. First, SCHEV staff wanted to document the magnitude of the requests made on higher education institutions and the central state agency's purpose in establishing and maintaining those requirements. Second, SCHEV staff wanted to begin discussions with state agencies to identify reports or processes that are candidates for streamlining or elimination in order to improve institutional efficiencies while maintaining appropriate oversight.

[2] Final Report of the Governor's Blue Ribbon Commission on Higher Education, February 2000, p.10

Assessing the Magnitude of Reporting and Oversight Requirements

After a thorough review of institutions' survey responses, SCHEV staff catalogued 111 reports that colleges and universities are required to submit to state government agencies. Of those reports, 53 reports were attributed to SCHEV with 15 additional other state agencies requiring the remaining 58 reports. The colleges and universities also identified 28 oversight requirements in the areas of finance, facilities, and administration for which central state agencies have oversight responsibilities.

SCHEV's Reporting and Oversight Requirements

SCHEV staff has concluded that more than one-third of the reports it currently requires can be streamlined or eliminated.

In its capacity as a coordinating board, the State Council collects data about the institutions in the areas of finance, student financial aid, student enrollment and academic programs. Following the decentralization survey results, SCHEV staff reviewed the necessity of each identified report and found that more than one-third (19 in total) of the reports could be streamlined (16 reports) or eliminated (3 reports). In addition, staff has discovered four reports identified by the institutions are no longer required by SCHEV. SCHEV staff continues working internally to identify opportunities to further streamline or eliminate the remaining reports.

In addition, as part of its streamlining efforts, SCHEV is preparing a web-based survey to identify the most problematic data collections currently in place. Through an analysis of reported burden, timing problems, and recommendations from the institutions SCHEV will eliminate, reduce or combine data collections as most appropriate. This effort will be guided by an overall redesign and restructuring of the SCHEV data systems. For example, current submission modes of paper, e-mail and batch-file processing will be replaced with web-based processes that provide immediate feedback and error reports to the users with a minimum staff intervention. These new processing modes will work within the structures of a leading edge data warehousing model that will not only streamline collection, but also streamline reporting and provide greater service back to the institutions.

Beyond reporting requirements, within the finance and administration areas, SCHEV has joint oversight authority with the Treasury Department for the Higher Education Equipment Trust Fund (HEETF). SCHEV staff, in consultation with Treasury staff, recommends streamlining the current HEETF oversight process. To implement this recommendation, SCHEV staff will continue working with the Treasury Department to revise the equipment requisition process for the 2001-02 academic year.

Attachment 4 is a catalog of SCHEV's reporting and oversight requirements for institutions. The catalog lists the origin of each requirement, the authority for the reporting requirements, and the use of the report. In all cases, the catalog identifies staff recommendations regarding the potential for streamlining or eliminating each of these requirements.

Central State Agency Reporting and Oversight Requirements

Central state agencies have identified about one-fourth of the currently required reports that can be streamlined or eliminated.

Although SCHEV accounts for almost half of the total state reports identified by institutions, other state agencies also require routine reports from the colleges and universities. In order to identify opportunities for reducing statewide reporting requirements, SCHEV staff has conducted meetings with representatives from 15 central state agencies. In all instances, state agencies were overwhelmingly supportive of efforts to improve their own internal operations and remove any unnecessary burdens on the institutions. Specifically, out of the 58 reports identified by colleges and universities, and central state agencies have identified approximately one-fourth (15 in total) of the reports for streamlining (10 reports) or elimination (5 reports) pending final approval from the appropriate Cabinet Secretary and the Governor, as needed. In addition, nine reports identified by the institutions as requirements have become either optional reports or no longer are required by central state agencies.

Unlike many of the reporting requirements existing law and regulations more tightly govern many of the oversight requirements. Decentralizing oversight responsibilities would likely require significant changes in existing policy or law. As a result, the central state agencies have only identified three areas, out of the 27 oversight responsibilities, for further decentralization. If implemented, these three areas would require the Governor and General Assembly to approve language amendments in the Appropriation Act.

Attachment 5 is a catalog of the reporting and oversight requirements of the institutions by central state agencies other than SCHEV. The catalog lists the origin of the requirement, the authority for the reporting requirements, and the use of the report. In all cases, the catalog identifies agency recommendations regarding the potential for streamlining or eliminating each of the reports or functions.

Improvements in the Central State Agency Administration

In addition to the reports and functions that central state agencies have identified as likely candidates for streamlining or elimination, several agencies have already taken significant steps to reduce the burden of existing reporting and oversight requirements. For instance, many agencies have moved exclusively to the use of electronic or Internet submissions. Others have improved their efforts to automate reporting to reduce the burdens on institutions. For example, the Department of Mines, Minerals and Energy (DMME) is developing a computer-based energy consumption and tracking system (FASER) to generate information automatically from utility companies. Once fully implemented, participating institutions will no longer have to submit a separate report to DMME. The Department of Human Resource Management (DHRM) is developing a web-based application for the employment position report. All state agencies and the general public will be able to submit or retrieve the state employment information from the Internet once the application is implemented.

Many state agencies have already taken significant steps to reduce the burden of reporting and oversight requirements.

In many cases, agencies have also revised their reporting requests to simplify the reporting process and eliminate unnecessary or rarely used information. In addition, through these meetings, SCHEV staff, working with central state agencies, has identified several reporting requirements that seem duplicative in nature. For example, both SCHEV and the Department of Planning and Budget (DPB) require institutions to submit nongeneral fund revenue estimates. Likewise, DPB and DHRM both require institutions to submit monthly employment data. In these cases, as well as others, the responsible state agencies have expressed interest in consolidating the reports, if possible.

Looking beyond the reporting requirements, many agencies have also improved and streamlined their oversight processes. For example, the Department of Technology Planning (DTP) has implemented an automatic approval policy, which effectively ensures that all requests for large technology procurements will be reviewed within five days. If a review is not completed within five days, the request is automatically approved. Similarly, DPB has increased the review threshold for renovation capital project from $250,000 to $500,000 to provide institutions with more flexibility. Likewise, the Department of General Services (DGS) has improved the turn around time for processing design reviews. Currently DGS finishes reviewing approximately 95% of requested projects within 21 business days from the time the complete proposal package is submitted and processes lease approvals within 8 days.

In his 1998 annual progress report on decentralization pilots in higher education, the Secretary of Finance concluded that

> *Decentralization pilots in institutions of higher education continue to afford the Commonwealth opportunities to promote efficient operations in institutions of higher education while ensuring proper oversight from central agencies. The Secretary of Finance continues to support these efforts as long as the prudent management and oversight of institutions supported by tax dollars are not jeopardized. The progress made since the implementation of the pilot projects four years ago is exceptional. Moreover, with on-going communication and collaboration between central agencies and institutions of higher education, additional opportunities appear to exist.*

As colleges and universities seek additional responsibilities and further delegation of authority, it is critical that the Commonwealth be able to identify "well-managed institutions."

Through conversations with institutions and central state agencies, it appears that they have had difficulty reaching agreement about future decentralization opportunities, because they have not reached a common understanding of what constitutes "well-managed" institutions. As institutions continue to seek additional responsibilities and further delegation of authority, it is critical that the Commonwealth be able to identify "well-managed" institutions, particularly in the areas of finance and accounting, human resources, and capital outlay. In addition, as the Commonwealth considers expanding decentralization efforts further, it seems appropriate for the Commonwealth to strengthen the connection between accountability and decentralization/deregulation.

One of the primary responsibilities of central state agencies is to ensure state funds are expended in accordance with the law. This responsibility requires agencies to be accountable to the taxpayers and to provide controls over potential abuse. Decentralization and deregulation allow the Commonwealth to maintain responsibility for the administration and operation of a state entity, while reducing the unnecessary bureaucracy that often produces inefficiencies and stifles innovation. In short, institutions benefit from decentralization and deregulation efforts by receiving more operational autonomy. For the Commonwealth, decentralizing administrative functions

from central state agencies to institutions can generate cost-savings and streamline state government activities. However, in order to effectively advance decentralization and deregulation, state agencies must clearly identify their expectations for institutional performance and institutions must be held accountable for results.

Clear performance measures combined with periodic evaluations would provide the Commonwealth with the quality assurance it requires while simultaneously providing institutions with the opportunity to maintain and expand decentralization efforts across other functional areas.

There are two primary ways to ensure accountability in the decentralization process. First, the state can establish qualification criteria or management indicators on the front end to assess the extent to which an agency is "well-managed" and prepared for delegated authority in a given area. These indicators would help institutions and central state agencies assess whether a college or university has sufficient management expertise, appropriate policies and procedures, and needed automated computing systems to carry out decentralized/deregulated functions. Second, the state can increase accountability efforts on the back-end to ensure that institutions are meeting the Commonwealth's expectations in carrying out their delegated responsibilities. Specifically, the state can establish clear performance measures for institutions participating in decentralization programs. Clear performance measures combined with periodic evaluations would provide the Commonwealth with the quality assurance it requires while simultaneously providing institutions with the opportunity to maintain and expand decentralization efforts across other functional areas. The Commonwealth has already taken several steps to ensure appropriate accountability provisions as part of its decentralization efforts.
The following is a summary of the existing performance measures and standards that central state agencies have used to assess institutional readiness for and performance in decentralization programs.

Existing Management Standards

Management standard serve as indicators of the effectiveness of institution policies, procedures, staffing, and administration.

In 1988, the Commonwealth developed five financial *management standards* for higher education to encourage institutions to improve their administrative functions and reward those that perform well. The management standards serve as *indicators* of the effectiveness of institution policies, procedures, staffing and administration. The Commonwealth has "rewarded" institutions that meet those management standards annually by providing that year-end balances within the Educational and General program be reappropriated automatically each year. Institutions not meeting these standards must go through a reappropriation approval process.

Higher Education Management Standards

- An unqualified opinion from the Auditor of Public Accounts upon the audit of the annual financial statements;
- No significant audit deficiencies are attested to by the Auditor of Public Accounts;
- Compliance with financial reporting standards endorsed by the State Comptroller;
- Attainment of accounts receivable standards; and
- Attainment of accounts payable standards.

Performance Measures

In 1997, almost a decade later, SCHEV and DPB established seven common institutional measures that can be used to evaluate the overall performance of higher education. Due to increased demand for greater accountability in higher education, the Council revised these measures and approved 14 systemwide performance measures for the Reports of Institutional Effectiveness in November 2000. These performance measures focus on two key areas of institutional effectiveness — academic quality and operational efficiency. The operational efficiency measures demonstrate institutional effectiveness in the use of fiscal, human and physical resources.

SCHEV's Systemwide Performance Measures for Operational Efficiency

These performance measures focus on two key areas of institutional effectiveness -- academic quality and operational efficiency.

- Classroom and laboratory space utilization;
- Dollars spent on instruction, libraries, and academic computing as a percentage of an institution's total E&G expenditures;
- Percentage of management standards met;
- Debt service to expenditure ratio;
- Total research and public service expenditures per full-time faculty;
- Total credit hours per full-time equivalent faculty.

Criteria For Decentralization

The Secretary of Finance recommended "a process for the future" in his 1997 annual report of *Decentralization Pilot Projects in Higher Education.* A portion of the recommendations is as follows:

> "Institution must meet seven criteria in order to request decentralization of a particular function:
>
> 1. Meet all management standards for the institutions of higher education;
> 2. Obtain Board of Visitors' approval;
> 3. Maintain a strong internal audit program that complies with the Standards for Professional Practice of Internal Auditing;
> 4. Demonstrate an ability to technically implement the function requested;

5. Demonstrate an ability to successfully manage the pilot economically and efficiently, with clearly defined standards for accountability and responsibility;

6. Provide written performance measures by which the pilot is to be evaluated; and

7. Provide specific timelines and processes by which the pilot will be evaluated and results will be reported."

Best Practices

In November 1998, the Council approved the *Report on Benchmark Information for College and University Administrative and Support Programs*, in which administrative benchmarks were identified that represent institutional best practices.

"The purpose of these benchmarks is to offer a series of performance objectives that:

- ✓ Relate to the conduct of the financial and administrative operations within and throughout each fiscal year;
- ✓ Reflect commonly held views and experiences as to policies, procedures, and practices that, when applied on a consistent and thoughtful basis, help protect a college or university from unexpected financial reverses or other negative circumstances;
- ✓ Contribute over time to producing the most effective financial and administrative support for an individual institution; and
- ✓ Can be both affirmed by senior management of an institution and confirmed through appropriate review by internal audit staff and the Auditor of Public Accounts."

The purpose of these benchmarks is to offer a series of performance objectives that contribute over time to producing the most effective financial and administrative support for an individual instituion.

The administrative benchmarks are divided into four categories of (1) fundamental business and management principles; (2) timely reconciliation and account analysis, (3) financial health indicators, and (4) effective internal audit. Attachment 6 includes the details of SCHEV administrative benchmarks.

All of these existing standards and performance measures provide some indication of an institution's ability to handle decentralized functions. In addition, the recommendations made by the Secretary of Finance have ensured some level of accountability in the existing decentralization programs.

In order to expand decentralized/deregulated functional areas, however, the Council recommends more clearly defined criteria for determining which institutions are well-managed in a given functional area. The Council further recommends establishing the Commonwealth's performance expectations for institutions once they receive delegated authority to operate in a decentralized/deregulated function. The following recommendations provide specific strategies for more clearly defining accountability expectations for institutions as the Commonwealth moves forward in decentralizing/deregulating additional administrative functions.

Recommendation 1: Develop management indicators to identify well-managed institutions and establish qualification criteria for participation in future decentralization programs.

Central state agencies should establish management indicators to identify well-managed institutions in specific administrative areas — finance and accounting, capital outlay, human resources, and procurement.

Central state agencies should establish management indicators to identify well-managed institutions. These indicators should serve as basic standards for assessing how well an institution manages a given functional area. Central state agencies should use these indicators as the foundation for assessing which institutions are prepared to handle additional delegated authority for each functional area (primarily human resources, capital outlay, procurement, finance and accounting). Institutions should use these standards to assess whether they have appropriate technical expertise, management procedures and policies, and automated capacity to carry out their responsibilities if granted delegated authority in a decentralized/deregulated area. The Commonwealth has already identified baseline management standards in the finance and accounting areas.

The Council recommends that similar standards be developed in other administrative areas — such as capital outlay and human resources — as prerequisites for future decentralization/deregulation requests. In addition, the Council recommends that central state agencies responsible for finance and accounting areas review the existing management standards to ensure that they still provide a reasonable baseline not only for institutions seeking automatic reappropriation of funds from year to year, but for institutions requesting that the Commonwealth delegate additional authority in the areas of finance and administration to the institutions.

Recommendation 2: Review and, where necessary, revise criteria and procedures for institutional proposals for additional decentralized functions.

The Council recommends that institutions be allowed to apply for decentralization status in any functional area. The current Appropriation Act language prohibits institutions from seeking exemptions in the areas of correctional enterprises, capital outlay or telephone and telecommunication services.

In addition to identifying appropriate management indicators, central state agencies should clearly articulate other criteria required of institutions prior to granting delegated authority. For instance, the Commonwealth has typically required institutions to include projected cost savings as a result of the delegated function in the proposal. The Council recommends that the Commonwealth clarify the criteria and procedures that an institution should use in demonstrating not only its readiness vis-à-vis the standards under Recommendation 1 but also the cost savings to the institution and the Commonwealth. Several current examples may serve as a foundation for future work in this area. In particular, the Secretary of Finance has outlined the approval process for institutions wishing to expand their decentralized functions. In addition, the Division of Purchases and Supply (DPS) at the Department of General Services has developed a self-assessment questionnaire for an institution requesting procurement authority delegation.

Further, the Council recommends that institutions be allowed to apply for decentralization status in any functional area. The current Appropriation Act language prohibits institutions from seeking exemptions in the areas of correctional enterprises, capital outlay or telephone and telecommunication services.

Recommendation 3: Establish a feedback process for institutions that do not receive approval for decentralization in a given area.

When institutions are not granted delegated authority in a requested area, the Council recommends central state agencies provide institutions with detailed justifications so that institutions clearly understand where they are not currently meeting expected management criteria and where improvements need to be made before approval would be reconsidered.

Recommendation 4: Develop performance measures and evaluation standards that institutions and central state agencies can use to assess the success of each decentralized/deregulated function.

In his recommendations on the criteria institutions should meet upon request for decentralization, the Secretary of Finance suggested that institutions should be required to provide written performance measures, a timeline and procedures for assessing the delegated functions. In addition to the performance measures developed by the institutions, the Council recommends that central state agencies develop evaluation standards for each decentralized function so that institutions and central state agencies can consistently assess how well all institutions are performing.

Periodic reporting and evaluation should be a mandatory part of the assessment of decentralization pilot-programs.

Recommendation 5: Implement periodic reporting and evaluation of institutional performance in each of the decentralized/deregulated function areas. In particular, external evaluation should be established for any newly delegated functions.

Regular reporting and evaluation can demonstrate the effectiveness of decentralized/deregulated functions and identify areas for improvements. In addition, it is necessary to have external evaluation as it not only brings unbiased assessment but also uses uniform measures to evaluate the performance of both institutions and related central state agencies. External evaluation also helps central state agencies make decisions on whether the delegated authority should be continued or expanded, for newly delegated functions in particular.

Currently the institution's internal audit is the primary mechanism for performance evaluation. Over the course of implementing the decentralization programs, the only known external assessment was on the decentralized purchasing program contracted by DGS in 1997.
In addition, except for the Secretary of Finance's annual progress reports of existing decentralization programs, the Commonwealth has established no requirement for regular evaluation and reporting of the institution activities in the decentralized functions.

The Council recommends establishing periodic reporting and evaluation in addition to institution's internal audit reports, particularly for newly delegated functions. These evaluations would assist both institutions and central state agencies in making timely decisions on the next step of certain delegated function. The Council further recommends that institutions should be granted permanent delegation if they demonstrate satisfactory performance consistently for five years.

Institutions should be granted permanent delegated authority in a specific area if they demonstrated satisfactory performance consistently for five years.

Recommendation 6: Establish a forum to promote sharing of information and identifying best practices in decentralized/deregulated functions.

Currently institutions send their internal audit reports to the Secretary of Finance. However, participating institutions do not routinely share or communicate with each other about successes and problems each has experienced in the decentralization programs. In addition, the central state agencies responsible for the decentralized/deregulated functions communicate to individual institutions only. The Council recommends establishing a forum for institutions and central state agencies to share common experiences and advice for managing decentralized functions effectively. Staff further recommends that SCHEV establish a web site to serve as the resource center that links program evaluations with requirements and standards central state agencies have established for any decentralized/deregulated function.

Recommendation 7: Continue efforts to streamline reporting requirements to reduce the unnecessary burdens placed on institutions.

The Council is encouraged by the central state agencies' overwhelming support of efforts to improve their own internal operations and remove any unnecessary burdens on the institutions and applaud their efforts to date. Despite these efforts, central state agencies often face increased pressure to collect more data from the institutions and agencies they oversee. As demands change and as technology continues to provide opportunities to streamline reporting requirements and sharing information across central state agencies, the Council recommends central state agencies continue efforts to streamline reporting requirements and reduce the unnecessary burdens placed on institutions.

Conclusion

Once fully implemented, the recommendations will enhance the Commonwealth's commitment to ensure public accountability while advancing the institutions' interests in operational autonomy. With the continuous improvements in management at both institutions and central state agencies, and with the ongoing development of technology, new opportunities for decentralization/deregulation in higher education continue to exist. With the establishment of clear and explicit standards and evaluation procedures for the decentralization/deregulation processes, institutions and central state agencies will understand clearly the requirements and responsibilities and will provide the Commonwealth with a means for holding decentralized/deregulated institutions accountable for their performance. Finally, in developing these common expectations, colleges, universities, and central state agencies will continue establishing collaborative relationships in order to successfully advance decentralization/deregulation efforts in higher education.

Developing these common expectations, colleges, universities, and central state agencies will continue establishing collaborative relationships in order to successfully advance decentralization/ deregulation efforts in higher education.

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INSTITUTIONS PARTICIPATING IN THE DECENTRALIZATION PROGRAMS

Attachment 1

	Decentralization Programs								
	Financial and Accounting		**Purchasing**	**Personnel**				**Nongeneral Fund Capital Projects**	
	Payroll processing	Nonpayroll processing		Performance Based	Competency/Skills Based	New Job Class Series	"Step-less" Pay plan	Authority	$500,000 capital project threshold
College of William and Mary									
George Mason University									
Old Dominion University									
University of Virginia									
Virginia Commonwealth University									
Virginia Tech									
Christopher Newport University									
James Madison University									
Longwood College									
Mary Washington College									
Norfolk State University									
Radford University									
University of Virginia at Wise									
Virginia Military Institute									
Virgnia State University									
Richard Bland College									
Virginia Community College System									
Northern Virginia Community College									

Attachment 2

Reports with No Value to Most Institutions

Current Requirement	Average Inst'l Effort	Value to the Institution	Responsible Agency	Responsible Cabinet Secretary
Off (State) Contract Procurements	<10 hours	N	DGS	Administration
Employment Position Paper	<10 hours	N	DHRM/DPB	Administration/Finance
Energy Conservation	10-30 hours	N	DMME	Commerce & Trade
Intercollegiate Athletic Receipts and Disbursement	10-30 hours	N	DOA	Finance
Receivable Summary Report	10-30 hours	N	DOA	Finance
Monthly Wage Report	<10 hours	N	DOA/DHRM	Administration/Finance
New Hire Report - Names	<10 hours	N	DOA/DSS	Administration/Finance
Organization Memberships Over $5000	<10 hours	N	DPB	Finance
Nongeneral Fund Revenue Estimates	10-30 hours	N	DPB	Finance
Concluded Grievances	<10 hours	N	EDR	Administration
Grievance Report	<10 hours	N	EDR	Administration
SCHEV NCE - Non-Credit Education Survey	10-30 hours	N	SCHEV	Education
Survey of Nongeneral Fund Revenues	10-30 hours	N	SCHEV	Education
SCHEV T4 - Out-of-State Students with Reduced Tuition	10-30 hours	N	SCHEV	Education
Auxiliary Reserve Report	<10 hours	N	SCHEV	Education
SCHEV B10 - Admission Requirements	<10 hours	N	SCHEV	Education
SCHEV EEE - Early Enrollment Estimate	<10 hours	N	SCHEV	Education
Institutional Catalogs	<10 hours	N	SCHEV	Education
SCHEV K1 - Sponsored Research Activities	>30 hours	N	SCHEV	Education
Sole Source Procurement	<10 hours	N	SOE	Education
Fleet Management Mileage Report	<10 hours	N	VDOT	Transportation
Fleet Management Repair Charges	<10 hours	N	VDOT	Transportation
Fleet Management Vehicle Justification and Commuting Data	<10 hours	N	VDOT	Transportation
VDOT CP-3 Pool New Vehicle Requests	<10 hours	N	VDOT	Transportation
DMV State Agency List of Vehicles	<10 hours	N	VDOT	Transportation

Key to Acronyms

DGS	Department of General Services	DSS	Department of Social Services
DHRM	Department of Human Resource Mananagement	EDR	Department of Employment Dispute Resolution
DMME	Department of Mines, Mineral, and Energy	SCHEV	State Council of Higher Education for Virginia
DOA	Department of Accounts	SOE	Secretary of Education
DPB	Department of Planning and Budget	VDOT	Virginia Department of Transportation

Attachment 3

Oversight Items Most Institutions Would Like to Have Decentralized

Current Requirement	Institutional Priority	Number of Institutions	Responsible Agency	Responsible Cabinet Secretary
Approval of Campus Master Plan	Y	17	DGS	Administration
Property Acquisition Approval	Y	14	DGS	Administration
Construction and A&E Service Authority	Y	13	DGS	Administration
Building Permit Authority	Y	13	DGS	Administration
Design Reviews	Y	13	DGS	Administration
Construction of Temporary Facilities	Y	14	DGS	Administration
Surplus Property Auctions	Y	12	DGS	Administration
Life/Safety Compliance	Y	11	DGS	Administration
Design/Build or Construction Management	Y	11	DGS	Administration
Travel Payment Methods	Y	11	DGS/DOA	Administration/Finance
Lease Authority	Y	16	DGS/DPB	Administration/Finance
Capital Outlay Approval Process	Y	12	DGS/DPB	Administration/Finance
State Compensation Requirements	Y	14	DHRM	Administration
P-14 Hour Restriction	Y	13	DHRM	Administration/Finance
Maximum Employment Level	Y	16	DHRM/DPB	Administration/Finance
Authority on Telecommunication Contracts and Review	Y	17	DIT	Technology
Fluctuation Analysis of the Financial Statement	Y	16	DOA	Finance
Per Diem Allowances	Y	10	DOA	Finance
Capital Outlay Threshold for Project Review ($250,000)	Y	10	DPB	Finance
Reappropriation Carryforward Requests	Y	18	DPB	Finance
Nongeneral Fund Revenue Deposit (including tuition and fee revenues)	Y	17	Treasury	Finance
Use of Yield on Tuition and Fee Revenue	Y	15	Treasury	Finance
HEETF Procedures	Y	16	SCHEV/Treasury	Education/Finance
Motor Vehicle Purchase and Leasing	Y	15	VDOT	Transportation

Key to Acronyms

DGS	Department of General Services	DPB	Department of Planning and Budget
DHRM	Department of Human Resource Management	SCHEV	State Council of Higher Education for Virginia
DIT	Department of Information Technology	Treasury	Virginia Department of the Treasury
DOA	Department of Accounts	VDOT	Virginia Department of Transportation

Attachment 4
Catalog of the State Council of Higher Education Reporting and Oversight Requirements for Institutions

Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Auxiliary Indirect Recovery Study	Appropriation Act Section 3-4.01 Agency Directive	Appropriation Act requires the E&G program recover the full indirect costs of auxiliary programs. To comply with the provision, SCHEV established the "Policies and Procedure for Maintaining Auxiliary Enterprise Reserve and Investment Yields" in 1990. The policy requires public institutions to submit their projected indirect recovery rate as well as a report of the actual auxiliary recoveries. The policy also states that an institution can earn interest on the investment only when it recovers full indirect cost of auxiliary programs. The Appropriation Act directs the State Comptroller to credit the institutions with interests based on the SCHEV policies. The Auxiliary Indirect Recovery Study is a biannual report while the other two are annual reports.	The reports ensure the institutional E&G fully recover the indirect costs of auxiliary programs. SCHEV staff summarizes the institutions' reports and sends the result to the State Comptroller.	SCHEV staff is working with DOA to determine if reporting can be made directly to DOA.	Streamline
Auxiliary Reserve Report					Streamline
Report of Actual Auxiliary Recoveries					Streamline
Facilities Condition Report	Code Section 23-9.6	SCHEV has the statutory responsibility of making capital outlay budget recommendations to the Governor and General Assembly. Although the report is not specifically identified in Code, SCHEV staff uses this specific to comply with the requirements of the law, as cited.	The report serves as the basis for maintenance reserve funding recommendations and provides information on the facility condition index of buildings being considered for renovation.It is currently collected in early winter each year.	SCHEV staff recommends the data be collected biannually to correspond with the capital outlay budget process. The report could be postponed to early spring.	Streamline

Attachment 4
Catalog of the State Council of Higher Education Reporting and Oversight Requirements for Institutions

Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
SCHEV UT50/UT60- Space Utilization	Code Section 23-9.6	SCHEV has the statutory responsibility of making capital outlay budget recommendations to the Governor and General Assembly. Although the report is not specifically identified in Code, SCHEV staff uses this specific to comply with the requirements of the law, as cited.	The reports are used to make recommendatins on capital outlay projects. The data is collected biannually.	SCHEV staff is in the process of updating this reporting requirement to streamline the reporting process and more accurately reflect the agency's data needs. Staff also recommends the data collection time be postponed to early winter of the odd-numbered year rather than fall on even-numbered year.	Streamline
SCHEV FI- Room Inventory File					Streamline
SCHEV K1- Sponsored Research Activities				As the importance of research in the Commonwealth is increasing, SCHEV believes the report will become more intensely used for various kinds of research-related issues and policymaking.	No Change
Strategic Process Report	Appropriation Act Item 131.A	Appropriation Act requires institutions to submit a progress report on implementing the current strategic plan as well as the progress in achieving the statewide goals of access, quality, accountability and affordability. This is an annual report.	The report functions as self-evaluation of the efforts in meeting the goals identified in the strategic plan.	SCHEV staff is working with Secretary of Education (SOE) and the Department of Planning and Budget (DPB) to streamline and synchronize strategic planning reporting requirements for institutions.	Streamline

Attachment 4
Catalog of the State Council of Higher Education Reporting and Oversight Requirements for Institutions

Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Eminent Scholars Funding Expense Report	Agency Directive	SCHEV established the "Policies and Procedures for the Eminent Scholars Program" in 1988. The policies were updated in 1996 and reaffirmed by the Council in 1997. The policies require the institutions to submit an annual report on Eminent Scholars spending.	The report is used to assess the use of the funds.	SCHEV staff recommends that Section VI of the Reporting Requirements of the Policies and Procedures document be revised so that the report would not be required annually, but rather at the request of the Council.	Streamline
Eminent Scholars Funding Request	Agency Directive	SCHEV's Policies and Procedures for the Eminent Scholar Program (Section V) states that the annual distribution of Eminent Scholars appropriations will be subject to the availability of funds, in each year of the biennium. Participating institutions will be allocated an amount equal to the lesser of their actual expenditures or their request for state matching funds for the current period. (If remaining funds exist, they should be allocated on a pro rata basis based on the percentage of unmet requests.)	The request is used to recommend funding allocations for the program.		No Change
Televised Graduate Engineering Program Expenditures Plan	Appropriation Act Item 179 A, Item 187 B, Item 191 A, Item 201 B, Item 210 C, Item 222 E, Item 239 A.	The Appropriation Act requires each participating institution submit its program plan to SCHEV for approval before it gets funding.	The required plan, which is submitted annually, provides SCHEV with a high level of accountability for the program.		No Change

Attachment 4
Catalog of the State Council of Higher Education Reporting and Oversight Requirements for Institutions

Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
FAACS - Fixed Asset Accounting and Controlling System Data	Agency Directive	Each institution that participates in the Higher Education Equipment Trust Fund (HEETF) is required to have an equipment inventory system. When the HEETF began in 1986, the Department of Accounts required each institution and agency to submit its inventory data using the state's Fixed Asset Accounting and Controlling System (FAACS) system. Since then, many institutions have purchased their own systems, but still submit a copy of their complete equipment inventory data file to SCHEV on an annual basis.	This data is used to reconcile annual HEETF expenditures as well as for ad hoc reporting. Data taken from these files were used in 1999 as the basis for the Council's 2000-02 HEETF funding recommendation.	SCHEV staff recommends, at a minimum, the collection of data be limited to major budget session years (every other year). As SCHEV staff continues working to streamline the HEETF Procedures (see below), it will re-evaluate the report in its entirety.	Streamline
HEETF Equipment Report (reimbursement requisition form and attached list of purchased equipment)	Appropriation Act Item 265 B.1	Each year, the Secretary of Education authorizes institutional spending after HEETF lists (proposed equipment expenditures) have been reviewed by SCHEV staff. Institutions purchase the equipment with their funds and submit requisition forms to SCHEV/Treasury for reimbursement. The forms consist of a one-page certification and an attached list of equipment purchased.	Each fall, institutions submit a list of planned equipment purchases based on the amount they have been allocated. Specific information such as description, estimated cost, program (i.e. instruction, research, etc.) and discipline is included on the authorized list of equipment. SCHEV staff reviews the list to ensure the equipment qualifies for purchase by the Trust Fund and forward the review to the Treasury Department to process the reimbursements.	In consultation with the Treasury Department, SCHEV staff is working to streamline the requisition approval process.	No Change

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Attachment 4
Catalog of the State Council of Higher Education Reporting and Oversight Requirements for Institutions

Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
HEETF Procedures	Appropriation Actltem 265 B1	The Appropriation Act directs the Council to "establish and maintain procedures through which institutions of higher education apply for allocations made available under the program."	see above HEETF Equipment Report	see above HEETF Equipment Reprot	Streamline
SCHEV T1/T2 - Survey of Tuition Charges and Fees	Appropriation Act Section 4-2.01.b.2a	The Appropriation Act requires SCHEV to report to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees on the tuition and fee charges at each public institution annually.	The survey results are used to generate the systemwide *Tuition and Fee Report*. The report is submitted to the Governor and the General Assembly annually. The report also serves as the source for public inquiries about tuition and fee charges at the public institutions.		No Change
Survey of Nongeneral Fund Revenues	Agency Directive	The survey was initiated to improve SCHEV's biennium budget development process as revenue by student domicile status and level is important information for the budget development.	The report is used for making estimates of the tuition and fee revenues. It is part of the operating budget recommendation process.	Both SCHEV and DPB require institutions to submit estimates of nongeneral fund anticipated revenue. SCHEV staff is working with DPB to determine the feasibility of combining the two agencies' reporting requirements.	Streamline
Table 19 - Documentation of General Fund/ Nongeneral Fund Split	Appropriation Act Section 4-2.01.b.2b	The Appropriation Act states "the tuition and fee charges to nonresident students shall be not less than 100 percent of the average cost of education as calculated by the State Council of Higher Education in consultation with the Department of Planning and Budget."	The report was originated under the Appendix M funding guidelines. It provides important documentation of the general fund and nongeneral fund split within the E&G program. The report also provides information of the percentage share of students paying the cost of education at each institution.		No Chamge

Attachment 4
Catalog of the State Council of Higher Education Reporting and Oversight Requirements for Institutions

Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Unique Military Activities Budget	Appropriation Act Item 238 C.	The Appropriation Act directs SCHEV to submit "an estimate of the general and nongeneral funds necessary to support unique military activities" to the Director of DPB by July 1, of each year.	The three participating institutions (VMI, VT, and MBC) each submits operating plans to SCHEV for review. SCHEV reviews the plans and forwards them, along with a summary, to DPB for budgeting purposes.	The report impacts only three institutions and should not be classified as systemwide reporting requirement.	No Change
SCHEV NEC - Non-Credit Education Survey	Agency Directive	The NCE survey was created in 1998 due to increased activities in workforce development at institutions.	The report collects non-credit education data at institutions. Such data provides useful information for the development of the systemwide master plan.	SCHEV staff recommends no change at this time. SCHEV staff is working with institutions in refining the definition of non-credit education. The report format may be changed as the result.	No Change
SCHEV 2B - Student Enrollment Projections-Updates to Current Approval Projections	Code Section 23-9.6	One of SCHEV's statutory duties is to review and approve or disapprove all enrollment projections proposed by each public institution.	The SCHEV 2B report collects enrollment projections from institutions. SCHEV staff then uses the statistical analysis to evaluate the institution's projection.	SCHEV staff recommends these reports be collapsed into one, however it will take some time to redesign the data collection form.	Streamline
SCHEV L2 - Enrollment Projections			The report collects long-range enrollment projections from private institutions.		Streamline
Enrollment Template			The report is an electronic template that institutions submit enrollment projections.		Streamline
SCHEV EEE - Early Enrollment Estimate			The report collects the Fall semester enrollments and is used to verify the accuracy of SCHEV enrollment projections.		Streamline

Attachment 4
Catalog of the State Council of Higher Education Reporting and Oversight Requirements for Institutions

Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Annual Admissions Data File	Code Section 23-9.6	SCHEV has the statutory responsibility to collect and maintain a uniform comprehensive data information system on admission, enrollment, programs, financing and facilities etc.	These reports are the basis of the statewide student information at the Virginia higher education institutions statewide. They have been useful for various kinds of policy studies and public requests for information.		No Change
Annual Course Enrollment Data File					No Change
Degrees Conferred Data File					No Change
Fall Admission Data File					No Change
Fall Headcount Data File					No Change
Institutional Catalogs	Agency Directive		The catalogs serve as an important reference for SCHEV staff. They also provide a handy reference for visitors to SCHEV.	SCHEV staff recommends each institution continue sending three copies of its catalog to SCHEV annually.	No Chamge
SCHEV B10 - Admissions Requirements	Agency Directive		The report is used for high school students preparing for colleges.		No Change
College Scholarship Assistance Program (CSAP) (electronic submission)	Code Section 23-38.45	CSAP is a need-based undergraduate grant program established by the General Assembly in 1973. SCHEV is tasked to administer the program. Institutions are required to submit the number of students receiving the grants and the characteristics of these students. Since a portion of CSAP is supported by federal funds, SCHEV must submit a report to the federal government in October annually.	The report provides information of the students on the CSAP program.		No Change

Attachment 4
Catalog of the State Council of Higher Education Reporting and Oversight Requirements for Institutions

Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Financial Aid Data File (Undergraduate)	Appropriation Act Section 4-5.01.b	The Appropriation Act directs SCHEV to administer the state grant programs. An electronic filing is created to fulfill reporting requirements for many of the state grant programs authorized via the Appropriation Act and various Administrative Code.	The report collects financial aid information for all students at each institution. The database is large and complex, and demands a great deal of time for data editing and verification. Because of the time consuming nature of the data collection, shorter reports, often duplicative, for several individual aid programs have been created in order to provide timely information.	SCHEV staff recommends at a minimum that only a program summary be provided at the institution level. In addition, SCHEV staff is considering redesigning the entire reporting process prior to the 04-06 biennium.	Streamline
SCHEV S1 – Unfunded Scholarships	Code Section 23-31	The Code allows public institutions to provide students with unfunded scholarships exclusively for remission of tuition and fees. However, the Code sets restrictions on such scholarships with the maximum allowable award by type of student. Each institution shall make an annual report to SCHEV showing the number and value of scholarships awarded to students.	The report is used to assess the use of funds at the institution.		No Change
SCHEV S2 - Consolidated Year-End Collection for Financial Aid Programs	Appropriation Act Section 4-5.01.b	The Appropriation Act requires public institutions to report their actual student financial aid awards to SCHEV annually.	The report is used to assess the use of the fund at the institution.		No Change

Attachment 4
Catalog of the State Council of Higher Education Reporting and Oversight Requirements for Institutions

Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
SCHEV S5 - Plan for the Distribution of Student Aid Funds	Appropriation Act Section 4-5.01.b	Due to limitations and restrictions on various types of student financial aid programs, the Appropriation Act requires public institutions to submit annually to SCHEV plans for the distribution of student aid funds for approval. The proposed plan shall include the institution's assumptions and calculations for determining the cost of education and student financial need.	SCHEV staff uses the institutional plan to monitor the institution's actual activities in the program.		No Change
Virginia Graduate and Undergraduate Assistance Annual Report (VGUAP)	Code Section 23-38.19	The General Assembly established the VGUAP program in 1992 to provide students with financial assistance from a combination of endowment income and state general fund appropriations. SCHEV is tasked to administer the program. The report is required annually.	The report is used to assess the use of the fund at the institution.		No Change
License Plate Scholarship Program	Code Section 46.2-749	The Code allows institutions to use the funds generated by license plates for scholarships and requires institutions to submit a plan of implementation to SCHEV for approval.	It is a one-time application process.	The report should not be counted as an ongoing SCHEV report.	No Change
Tuition Assistance Grant Program (TAG)	Code Section 23-38.11	The General Assembly established the TAG program in 1972 to encourage Virginia residents to attend accredited private, non-profit colleges in Virginia. SCHEV is tasked with administering the program. Eligible institutions must report the number of students eligible for the grant to SCHEV annually.	The report is used to assess the use of the fund at the institution.		No Change

Attachment 4
Catalog of the State Council of Higher Education Reporting and Oversight Requirements for Institutions

Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
IPEDS C - Degree Completion	Federal Initiative	Through the Integrated Postsecondary Education Data System, the National Center for Education Statistics (NCES) is the primary federal entity for collecting national higher education data.	IPEDS data enables researchers and higher education administrators to make nationwide comparative data analyses and conduct policy studies.		No Change
IPEDS EF - Fall Enrollment					
IPEDS FI - Financial Statistics					
IPEDS GRS - Graduate Rate Survey					
IPEDS IC - Institutional Characteristics					
IPEDS IPSFA - Institutional Price and Student Financial Aid					
IPEDS L - Library Survey					
IPEDS S - Staff Survey					
IPEDS SA - Salaries of Full-Time Instructional Faculty					
SCHEV T4 - Out-of-State Students with Reduced Tuition	Code Section 23-7.4:2	The Code provides conditions that institutions can offer reduced tuition to out-of-students. The report was designed to collect such data.		The report is not currently used. SCHEV staff recommends it be eliminated.	Eliminate
% Faculty with Terminal Degrees				The report was for a one-time study.	Eliminate
Technology Survey				The report was for a one-time study.	Eliminate
SCHEV AD-P - Preliminary Admissions Report				The report is no longer in use.	Not in use

Attachment 4
Catalog of the State Council of Higher Education Reporting and Oversight Requirements for Institutions

Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
SCHEV B7 - Transfers from 2-year Colleges				The report is no longer in use.	Not in use
Graduate Rate Survey				Same as IPEDS GRS.	Not in use
Grad/Undergrad Scholarship Matching Funds				Same as VGUAP	Not in use

Attachment 5
Catalog of Central State Agency Reporting and Oversight Requirements for Higher Education

Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Auditor of Public Accounts (APA)	Fluctuation Analysis of Financial Statements	Agency Directive	This is a standard audit requirement and is required for the Commonwealth Annual Financial Report (CAFR).	APA uses the report as the starting point of its audit process.	• Both APA and the Department of Accounts (DOA) require institutions to make a fluctuation analysis report; however, the APA typically requires more detailed information. • Although the APA and DOA have worked together to minimize repetitive requests from the institutions, the disparate timing of their reviews often requires the APA (which conducts its reviews later in the year) to seek additional and updated information.	No Change
	Schedule of Auxiliary Revenues, Expenditures and Changes in Fund Balances	Agency Directive	The agency makes this audit report for the use of the State Council of Higher Education for Virginia (SCHEV).	APA does not use this report, however, institutions may use the report for audit purposes.	SCHEV is currently conducting its own survey regarding institutions' auxiliary debt levels. APA is working with SCHEV to streamline this report.	Streamline
Department of Environmental Quality (DEQ)	Fuel Consumption Report	Federal Clean Air Act	The report is required by the United States Environment Protection Agency under the Clean Air Act. This is an annual report.	DEQ uses the report to determine how much fuel is being consumed and to estimate the resulting emissions and the potential impact on the environment.	The agency recommends no change for this requirement.	No Change

Attachment 5
Catalog of Central State Agency Reporting and Oversight Requirements for Higher Education

Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Division of Fleet Management (DFM)	Motor Pool Use				The Division of Fleet Management does not require this report. Some institutions have their own internal motor pool and require an internal report on the uses.	Not in use
	Mileage Report (CP6)	Agency Initiative	This is a monthly report.	The report enables DFM to track mileage use of state cars.	• The Division of Fleet Management is willing to review requests from institutions to decentralize this function.	Streamline
	• Gas Report • Repair Charge	Code Section 33.1-402	These two reports apply to institutions that have their own gas pumps or repair shops.	In the event an institution provides its own fuel or uses its own repair shops to perform maintenance on a centralized fleet vehicle, institutions seek reimbursement from DFM through this report.	• UVA, RU and ODU have already been granted authority to rent cars from private vendors rather than using the centralized fleet. The institutions are required to show quarterly that the use of privately rented vehicles is more cost effective than leasing state-owned vehicles from the centralized fleet. • Other institutions are looking into the possibili ties of privatization.	No Change
	Vehicle Justification and Commuting Data	Executive Order 17-98	Governor Gilmore issued this Executive Order to eliminate unnecessary expenses associated with excessive use of state-owned vehicles. Agency heads shall limit authorization of commuting in state-owned vehicles. Agencies submit an annual report to the DFM for justification of the use, mileage, and associated reimbursements.	DFM uses the reports to monitor that the agencies use of vehicles for commuting are justified and reimbursements are proper.	DFM is working with VDOT to explore the possibility of eliminating the report.	Eliminate pending approval from the Governor.
	VDOT CP-3 Pool New Vehicle Request	Code Section 33.1-402	By Code, the Fleet Management Office is authorized to administer the assignment of vehicles to offices and employees. The form is a simple, electronic form. It is used as needed.		The agency recommends no change for this requirement.	No Change

Attachment 5 Catalog of Central State Agency Reporting and Oversight Requirements for Higher Education						
Agency	**Current Requirement**	**Authority**	**Origin of Requirement**	**Uses of the Report**	**Findings**	**Recommendations for Change**
Division of Fleet Management (DFM)	Motor Vehicle Purchases and Leasing Request (CP-15)	Code Section 33.1-401, 403	The Code specifies that any passenger-type vehicle purchased with public funds shall be assigned to the centralized fleet. The Transportation Commissioner must give approval for exceptions and agencies must demonstrate cost savings of owning cars. In addition, a 1989 JLARC study set criteria that any automobile replacement must be approved by VDOT. The form is used as needed.		The agency recommends no change for this requirement.	No Change

Attachment 5
Catalog of Central State Agency Reporting and Oversight Requirements for Higher Education

Agency	Current Requiremen	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of General Services (DGS)	• Income/ Capital Lease Approval • Property Acquisition Approval	Code Section 2.1-504.2	DGS is directed to review every proposed acquisition of real property and recommend that the Governor either approve or disapprove such transactions based on cost, demonstrated need and compliance with the guidelines. The Governor makes the final decision.		• The agency recommends no change for this requirement at this time. DGS has already made several changes to improve this process. Specifically, DGS has improved the turn around time for processing lease approvals. Currently, DGS processes approximately 95% of the projects within 8 days from the time the complete proposal package is submitted. • DGS has also developed an on-line acquisition proposal checklist, along with on-line manuals and forms, designed to help institutions prepare proposals appropriately to further accelerate the review process. • Capital leases are complex documents that require subject matter expertise. Bureau of Real Property Management (BRPM) at DGS has developed such expertise over the years.	No Change
	Approval of Campus Master Plan	Appropriation Act 4-4.01.g	The Appropriation Act states that in order for the Governor to consider and include in his Executive Budget, each capital project proposed must conform to a site or master plan approved by the Governor and the General Assembly.	During the biennium budget process, DGS uses the campus mater plan to validate the institution's capital project requests.	DGS recommends delegating this authority to the institution's Board of Visitors.	Eliminate, pending approval by the Governor and General Assembly of required changes in the Appropriation Act

Attachment 5
Catalog of Central State Agency Reporting and Oversight Requirements for Higher Education

Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of General Services (DGS)	Construction and A&E Service Authority	Code Sections 2.1-483.1	DGS is authorized to establish procedures for the administration of capital outlay construction projects set forth in the Appropriation Act, including standard contract provisions and procedures for procurements. The procedures are contained in the Construction & Professional Services Manual for Agencies (CPSM).		The agency recommends no change for this requirement. Higher education agencies may request inclusion in the Trial Delegation Program authorized by Chapter 912 through application to the Secretary of Administration and the Secretary of Finance.	No Change
	Design Review	Code Sections 36-98.1 and & 2.1-483.1. Appropriation Act: 2-0.D.2	The Code delegates DGS through its Division of Engineering and Buildings to provide assistance in the administration of capital outlay projects set forth in the Appropriation Act, and the review and approval of plans, specifications and acceptance of completed projects.		• The agency recommends no change for this requirement. • DGS provides a consistent application of the building code across the state. According to DGS, its reviews are less expensive than those conducted privately by A&E firms. Further, many A&E firms are not full service and therefore do not have the expertise for all the disciplines needed for building code reviews. • DGS has made several changes to improve this process. Specifically, DGS has improved the turn around time for processing design reviews. Currently, DGS reviews approximately 95% of the projects within 21 days from the time the complete design review package is submitted. • DGS has developed an on-line design review checklist to help institutions prepare the design review package appropriately to further accelerate the review process.	No Change

Attachment 5
Catalog of Central State Agency Reporting and Oversight Requirements for Higher Education

Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of General Services (DGS)	Surplus Property Auction Authority	Code Sections 2.1-457.2 & 2.1-512	DGS is directed to conduct public auction on surplus property for state agencies. DGS is directed to sell surplus real estate, unless the Governor approves delegation to the institution. The Governor must approve the final sale upon DGS's recommendation.		▪ UVA has been granted authority to conduct its own auctions for surplus personal property. ▪ DGS has established criteria for granting individual auctions for surplus personal property. DGS is willing to delegate authority if an institution meets the requirements.	No Change with respect to auctions of personal property. DGS recognizes an exception for institutions of higher education in Code §2.1-512 because Code Section 23-4.1 authorizes the Board of Visitors to conduct sales with the approval of the Governor. DGS' recommends this approval be retained administratively.
	Off State Contracts Report	Code 2.1-440	The Code mandates all state agencies use the statewide contracts in procurements.		DGS has granted with delegated procurement authority to use the statewide contracts as "preferred', and terminated the requirement of reporting purchases from other sources from these institutions.	Not in use

Attachment 5
Catalog of Central State Agency Reporting and Oversight Requirements for Higher Education

Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of General Services (DGS)	Life/Safety Compliance	Code Section 36-98.1. The Commonwealth of Virginia Construction and Professional Services Manual (CPMS)	The Code delegates DGS the responsibility for public safety and inspection of state-owned buildings. DGS must assure life and fire safety code compliance of all occupied facilities (temporary and permanent).		▪ The agency recommends no change for this requirement. ▪ The Code of Virginia & Virginia Uniform Statewide Building Code (VUSBC) require construction documents be reviewed by building official for conformance with the VUSBC. The intent of the VUSBC is that reviews should be performed by someone that can provide neutral opinions & is at arms length from the project owner. DGS thinks the State Fire Marshal's Regional Offices can provide limited fire safety reviews as provided for under a Memorandum of Understanding from DGS/DHCD (Department of Housing and Community Development). However, full delegation would likely generate problems such as ▪ Loss of consistent application of the USBC; ▪ Insufficient staffing at regional offices; and ▪ Different legal responsibilities between fire marshals for inspection and DGS for document reviews.	No Change
	Construction of Temporary Facilities	Code Section 36-98.1			The agency recommends no change for this requirement.	No Change

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Catalog of Central State Agency Reporting and Oversight Requirements for Higher Education

Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of Human Resources Management (DHRM)	FY Recruitment Advertising Costs Report	Executive Order 73-01	FY recruitment report and advertising cost report both were originally one-time reports out of previous Governors' initiatives for cost savings. However, Governor Gilmore has issued Executive Order 73-01 to centralize the recruitment advertising and automate job posting on the internet. All state agencies including higher education institutions are required to participate.	DHRM uses the report to monitor agency expenditures on recruitment and advertising costs.	The agency recommends no change for this requirement.	No Change
	Employee Development Service	Agency Directive	This is a standardized quarterly report. DHRM has substantially revised the format, however, as the result of the compensation reform.	DHRM collects various kinds of training information in order to provide better services for employee development.	The agency recommends no change for this requirement.	No Change
	AA/EEO Report				DHRM does not currently oversee this requirement. SCHEV currently collects EEO data through IPEDS S. AA is administered at the institution level.	Not in use
	P-14 Hour Restriction Policy	Agency Directive	In 1985, at the request of the General Assembly, DHRM, then the Department of Personnel and Training, conducted a study on the employment conditions of hourly employees and benefits. As a result, a P-14 policy was created that restricts hourly employees to work no more than 1500 hours a year. The policy requires each Cabinet Secretary must approve any exceptions to the 1500 hours limit.		The policy is intended to ensure proper use of hourly personnel and to create a distinction between full-time classified employees who receive benefits and hourly employees who do not receive benefits. The agency recommends no change. SCHEV staff notes that DHRM has not studied the effectiveness of the 1500- hour restriction since the policy was implemented.	No Change

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of Human Resources Management (DHRM)	Employment Position Report (EPR)	Agency Directive	The EPR was developed in 1981 to generate monthly reports.	DHRM generates EPR for use by other state agencies.	• According to DHRM, only non-PMIS users (UVA and UVA-Wise) must submit data to DHRM. Data are automatically generated for the PMIS users. However, currently DHRM often must make phone calls to agencies for data collection. DHRM is in the process of changing the report collection and use internet for data retrieval. • DPB also requires institutions to report employment data. • DHRM is willing to consult with DPB to streamline the reporting. • DHRM depends on DOA's monthly data tape to validate the monthly FTE report. DHRM does not use the report internally.	Streamline
	Deferred Compensation Participation	Agency Directive		DHRM uses the report to monitor participation at institutions.	The agency recommends no change for this requirement. Only institutions that are not on the CIPPS system are required to submit the report.	No Change

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of Minority Business Enterprise (DMBE)	Minority Business Expenditures Report	Code Section 2.1-64.37	The Code of Virginia requires the DMBE to report to the Governor and the General Assembly annually on state expenditures to minority business enterprises during the previous fiscal year. DMBE generates the report primarily based on the CARS data. Only the institutions (GMU, JMU, RU, UVA, VCU, VT, VMI) that have been granted decentralization in procurement need to submit the report to DMBE.	DMBE summarizes agency reports and makes a statewide report to the Governor and General Assembly.	The agency recommends no change for this requirement. In December 2000, DMBE issued a memorandum to all state agencies and institutions, indicating that the annual report should only include the activities and expenditures with the state- certified firms. DMBE offered to assist any agency or institution in getting the MBE firms that they are doing business with state certification. This effort is intended to ensure that the annual expenditure report for FY2002 and beyond accurately reflects agencies and institutions, activities and expenditures with state certified firms.	No Change
Department of Mine, Minerals, and Energy (DMME)	Energy Conservation Report	Executive Order 56-99	Executive Order 56-99 established the Virginia Energy Plan to advance energy efficiency and conservation in Virginia's state government operations. All state agencies and institutions are required to implement an energy management plan with specific goals, objectives and strategies to achieve energy efficiency. Agencies must submit an implementation report annually to DMME.	DMME uses the agency reports to monitor how well agencies have implemented their energy management plans.	The agency recommends no change for this requirement.	No Change

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of Minority Business Enterprise (DMBE)	Energy Consumption Report	Executive Order 56-99	This is a standardized annual report.	The report helps DMME: • Identify opportunities for agencies to reduce energy spending, allowing agencies to redirect those funds for other purposes. • Allocate improvement grants to agencies and assess the effectiveness of those grants. • Negotiate power rates with Dominion Virginia Power.	The agency recommends no change for this requirement. DMME is working to streamline the report in the following ways: • Use FASER, a computer-based energy consumption and tracking system to automatically enter data and generate the consumption and cost report if an agency is using the system. • Web-based electronic billing for power bills. • Implement the prompt payment to save the late payment charges by identifying agencies that have not paid bills within 30 days.	No Change
Department of Motor Vehicles (DMV)	State Agency List of Vehicles	House Joint Resolution No.8, 19 94	In 1994, House Joint Resolution No.9, Clean Air Study recognized the need to establish a database to assist in the implementation of the federal Clean Air Act and National Energy Policy Act. The House Joint Resolution No.8 directed the DMV to establish a database of: (i) the number and types of motor vehicles owned and operated by the agencies and institutions; (ii) a record of where these vehicles are garaged; and (iii) the type of fuel used by each of the vehicles. DMV provides an annual report to the General Assembly.	DMV relies on agencies and localities to provide accurate and up-to-date information annually.	The agency recommends no change for this requirement.	No Change

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of Motor Vehicles (DMV)	Vehicle Accident Report	Code Section 52-4.2	DMV is responsible for publishing the statistical summaries related to reported vehicle accidents and for research and experimental field tests for traffic control and accident prevention.	The State Police uses the report for the vehicle accident prevention and safety program that is run for the state agencies.	The agency recommends no change for this requirement.	No Change
	Licensing Request				DMV does not have this request.	Not in use
Department of Accounts (DOA)	Annual Financial Statements	Agency Directive		• The financial statements are part of the require ments for the preparation of the Commonwealth Annual Financial Report (CAFR) • The bond rating agencies use CAFR to determine Virginia's bond rating. • CAFR is critical for Virginia to maintain its AAA bond rating.	The agency recommends no change for this requirement.	No Change
	Intercollegiate Athletic Receipts and Disbursements	Code Section 23-1.1	The Code requires all higher education institutions submit an annual report to the Comptroller.	• DOA does not use the report for any purpose. • DOA has indicated that it occasionally receives media inquires looking for wrongdoings in the intercollegiate athletic activities.	DOA is willing to consider eliminating this report, pending a change in the Code.	Eliminate pending Governor and General Assembly's approval of necessary Code changes.

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of Accounts (DOA)	Receivables Summary Report	• Code Section 2.1-727-2.1-731 • Higher Education Management Standards	• DOA is authorized to be the primary state agency responsible for the oversight, reporting and monitoring of the Commonwealth's accounts receivable program. DOA is directed to establish policies and reporting procedures • DOA requires all state agencies to make quarterly reports. • DOA makes an annual report to the General Assembly.	Receivable collection is one of the Management Standards that higher education institutions must meet before they can be granted the financial incentives the State offers such as year-end carry-forward of fund balance and retaining 100% of the surplus sales.	The agency recommends no change for this requirement. Following SCHEV's inquiries, DOA has evaluated the possibility of moving to an annual reporting cycle. An analysis reviewed such a change will have an adverse impact on the institutions' ability to meet the higher education management standards. As a result, DOA recommends no change at this time.	No Change
	Confirmation of reconciliation with CARS	Agency Directive		CARS is the official accounting record of the Commonwealth. The institution must reconcile with internal records to ensure the accuracy and integrity of CARS data.	The agency recommends no change for this requirement.	No Change
	Schedule of Federal Domestic Assistance	OMB Circular A-133 , Single Audit Act	This is a federal audit report for federally sponsored programs.		The agency recommends no change for this requirement.	No Change
	New Hire Report-Names	Federal requirement for child support enforcement	This is a requirement from the child supporting services, implemented by Department of Social Services (DSS).	DOA reports data to DSS for CIPPS institutions only.	CIPPS institutions must review the DOA report. Any changes must be approved by DSS.	No Change
	Auditor of Public Accounts' Corrective Action Plan	CAPP Manual	In partial fulfillment of its statutory responsibilities, DOA requires that agencies and institutions develop and file with DOA a corrective action work plan to address the Auditor's concerns.	The plan is used to fulfill statutory requirement for establishing and maintaining a complete system of financial accounting and controls.	The agency recommends no change for this requirement.	No Change
	Statewide Single Audit Resolution of Prior Year's Audit Findings	OMB Circular A-133, Single Audit Act	This is a federal audit report for federally sponsored programs.		The agency recommends no change for this requirement.	No Change

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of Accounts (DOA)	Travel Payment Methods	Agency Directive	The purpose of centralized travel payment methods are: • Reducing the number of checks issued and associated processing costs; • Reducing volume purchase orders and requisitions; • Increasing focus on negotiating and supplier management • Reducing time for end users		Agency heads have been allowed to authorize exceptions to the mandatory use of the universal air travel card on a case-by-case basis since 1997. In March 2000, DOA and DGS approved another payment method of the small purchase charge card (SPCC) for air and rail traveling.	No Change
	Special and State Loan Report				DOA cannont identify this report. Remove from the reporting list.	Not in use
	Health Benefit Reconciliation	Agency Directive		This report ensures that agencies pay for enrolled employees' health benefits.	• Institutions that are not on the CIPPS system are required to submit the report directly to DHRM for reconciliation. • Institutions on the CIPPS system have automatic reconciliation.	No Change
	Monthly Wage Report	Agency Directive	This report is required by the Department of Human Resource Management (DHRM).	The report is generated for use by other state agencies.	• DOA and DHRM do not use the report. • DOA generates the data into a tape and sends to DHRM for validation. • DHRM is planning to make data validation electronically.	No Change

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of Accounts (DOA)	Per Diem Allowances	Appropriation Act Section 4-5.06 c.	It is required by the General Assembly.		• The agency does not have the authority to change this requirement. • DOA only does audits. Institutions make their own reimbursements. • Per diem policy is exempt if traveling on grants and contracts.	No Change
	• Use yields of Tuition and Fees • Deposit of Nongeneral Funds	Appropriation Act Section 4-2.01.b Code Section 2.1-180	The Code requires all nongeneral fund collections be deposited in the state treasury.	Interest earnings are deposited in General Fund.	The agency recommends no change for this requirement.	No Change
Department of Planning and Budget (DPB)	Maximum Employment Level	Appropriation Act Section 4-7.01	As part of the manpower control program, DPB is directed to administer and approve the maximum employment level (MEL) of each agency and institution.	DPB uses MEL requirements to monitor agency and institution budgets and to ensure that agencies and institutions are not growing above a specified level.	Options for recommendations to reduce the restrictions on MEL to higher education may be considered.	Streamline, pending approval of the Governor and General Assembly
	Employment Report	Agency Directive	Due to limitations in DHRM's EPR, DPB collects additional data from the institutions on the employment of T&R faculty, GTAs, and part-time faculty in each of the major programs (E&G, Sponsored Research, and Auxiliary Enterprises).	The agency uses the report to monitor the agency's maximum employment level specified in the Appropriation Act.	The agency recommends working with DHRM to develop one report that meets both agencies' needs.	Streamline
	Reappropriation Process	Appropriation Act Section 4-1.06	The Governor must certify the reappropriation of funds for all state agencies and institutions. As a result, all institutions are required to submit a plan for how they will spend remaining balances in their E&G and financial aid programs.		The agency recommends no change for this requirement.	No Change

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of Planning and Budget (DPB)	Nongeneral Fund Capital Outlay Authority	Appropriation Act Section 4-4.01 n.6 of Capital Projects and Section 4-5.08 c of Delegation of Authority	Six institutions have been on the capital outlay project decentralization program since 1996. They are CNU, CWM, ODU, RU, UVA, and VT. In addition, the Appropriation Act exempts UVA, VT and CWM any nongeneral fund projects with an estimated cost of $500,000 or less from the capital outlay review process. All other institutions must adhere to existing capital outlay reporting and oversight requirements.		As required in the Appropriation Act, the Secretary of Administration can approve the addition of other institutions to the nongeneral fund capital project program. The agency recommends that any interested institution apply to the SOF for participation in this program.	No Change
	Capital Project Approval Process	Agency Directive	DPB has established a threshold for capital project review of $250,000 for new construction and $500,000 for renovation, umbrella and blanket projects. In addition, any project that creates 5,000 square feet of additional space is subject to review, regardless of the dollar threshold. Further all acquisitions of land or buildings must be approved through the capital outlay process.		• The agency recommends no change, pending further consultation with DGS. • DPB has indicated its willingness to consider the possibilities of raising the capital project thresholds.	No Change
	Maintenance Reserve Project Threshold	Agency Directive	The state established the maintenance reserve program in 1982 and provides general fund appropriations for maintenance projects that cost between $25,000 and $500,000. These projects address major repairs or upgrades to building systems such as heating, air conditioning and electrical; repair or replacement of foundation; and improvements to campus-wide water, sewer, gas, steam, and drainage systems.		• The agency recommends no change, pending further consultation with DGS. • DPB has indicated its willingness to consider the possibilities of raising the capital project threshold for mainte nance reserve projects.	No Change

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of Planning and Budget (DPB)	Operating Plan Submission	Agency Directive	All agencies and institutions are required to submit an operating plan prior to the start of each fiscal year. Agencies and institutions are encouraged to revise these plans throughout the fiscal year to more accurately reflect actual expenditures and budgetary decisions.		The agency recommends no change for this requirement.	No Change
	Issues Assessment Report	Agency Directive	Prior to budget development, DPB, in consultation with the Cabinet Secretaries, requires all state agencies and institutions to submit an issues assessment report, which identifies the most critical issues facing an agency or institution in the upcoming biennium.	The Secretary uses these reports to identify priority areas for funding in the Governor's budget.	The agency recommends no change for this requirement.	No Change
	Federal Spending Report	Code Section 2.1-20.01:1.E	The Code requires each agency to submit an annual report to the Secretary of Finance and Chairmen of the House Appropriations and Senate Finance Committees a listing and cost of any federal mandate or regulation in excess of $1 million that are affecting the agency and the dollar amount and corresponding percentage of the agency's total annual budget that was supplied by funds from the federal government. Higher education institutions are exempt from the requirement.		Higher education institutions are exempt from the requirements. Remove from the reporting list.	Not in use

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of Planning and Budget (DPB)	• Maintenance Reserve Plan Update • Maintenance Reserve Request (New Subprojects)	Agency Directive	Agencies and institutions are required to update their maintenance reserve plans annually, by identifying those projects that are still active and are of priority. In addition, agencies and institutions must submit requests for approval to proceed with new maintenance reserve subprojects.		The agency is willing to consider combining these two requirements into one. Further discussions to pursue options are needed.	Streamline
	Organizational Membership over $5,000	Appropriation Act Section 4-5.07.5:2	Each agency is required to submit to DPB annually a report listing the name and organizational membership due over $5,000.	DPB uses this report to monitor related expenses.	The agency recommends no change for this requirement.	No Change
	Plans for Excess Tuition and Fees	Appropriation Act Section 4-2.01.C.2	Institutions are required to submit to the Governor plans for using excess tuition and fees prior to the start of the fiscal year. The Governor must approve the plan prior to the allotment of these funds.	DPB currently uses these plans to monitor institutions' use of revenues from the technology fee.	Options fo recommendations to eliminate the required plans may be considered.	Streamline, pending approval of the Governor and General Assembly.
	State Bond Draw Schedule	Agency Directive	At the request of the Treasury Department, DPB requires all state agencies and institutions to submit a draw schedule for all projects financed through state-supported debt.	The schedule identifies the agency or institution's plan and timetable for expending the funds. In addition, the Treasury uses the schedule to monitor agencies and institutions in compliance with federal tax law and issue tax-exempt bonds for projects.	The agency recommends no change for this requirement.	No Change
	Capital Project Reappropriation	Agency Directive	All state agencies and institutions are required to submit updated project information prior to having funds reappropriated from one year to the next.	The plans document the agency or institution's progress in completing the projects, funds expended to date, and the anticipated completion of the project.	The agency recommends no change for this requirement.	No Change

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of Planning and Budget (DPB)	Six-Year Capital Plan	Agency Directive	All state agencies and institutions are required to submit six-year capital outlay plans prior to the development of each biennial budget.	The agency uses the plan to monitor agencies and institutions' actual budget updates throughout the biennium.	• The agency recommends no change for this requirement. • DPB, in consultation with DGS, has taken efforts to streamline the process by reducing the number of forms that are required and using electronic submission.	No Change
	Nongeneral Fund Revenue (NGF) Estimate	Appropriation Act 4-1.05.b.10.c	All state agencies and institutions are required to submit their anticipated nongeneral fund revenues for the upcoming 6 years (2 years for higher education) prior to the development of the biennial budget.	The agency uses the report for the biennial budget development.	DPB would consider to streamline this report. DPB will work with SCHEV to determine whether its NGF report can be combined with SCHEV's annual NGF survey.	Streamline, pending approval of the Governor and General Assembly.
	Core Performance Measures	Appropriation Act Section 4-5.05 d.	All state agencies and institutions are required to identify measures of performance and to submit their progress in achieving those performance goals each year.	DPB includes this information as part of the Commonwealth Performance Report, which reports the performance of all state agencies.	SCHEV is incorporating DPB's core performance measures in the Report of Institutional Effectiveness. DPB has agreed to establish one reporting requirement through SCHEV for these measures.	Eliminate
	Authorize SREB Electronic Campus Participating Institutions to Charge Market Rates for Tuition and Fees	Appropriation Act Section 4-2.01 B(8)	The Appropriation Act delegates the Board of Visitors to decide tuition and fee rates.		DPB indicates that it does not provide oversight of this program	Not in use

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Department of Employee Dispute Resolution (EDR)	Grievance Report (Grievance Reporting Form)	Code Section 2.1-116.03	The Code directs EDR to collect information and statistical data about the use of the grievance procedure and the effectiveness of employee relations management in all state agencies and institutions; and to make recommendations to the Governor and the General Assembly for improvements. Agencies and institutions submit the report when a classified employee files a grievance.	This report has several purposes, including (1) to collect information on the length of time it takes to resolve grievances, and at what stages in the process grievances are resolved, (2) to determine the percentage of EDR rulings that are affirmed on appeal to circuit courts, and (3) to gauge the types of issues and disputes that are grieved.	The agency recommends that data of this type continue to be collected. EDR is open to suggestions on how the collection process, and what other data elements should be could be improved. EDR also welcomes discussion on efficiencies that could be achieved through reporting over the internet. EDR has also already taken steps to simplify the report and would like to develop a format for institutions to report information using the internet.	No Change
	Concluded Grievance (CY Data Collection Form)	Code Section 2.1-116.03	The Code directs EDR to collect information and statistical data about the use of the grievance procedure and the effectiveness of employee relations management in all state agencies and institutions; and to make recommendations to the Governor and the General Assembly for improvements. This is a standardized annual report.	This annual data collection provides information on the total number of grievances concluded during that year, as well as the number of disciplinary actions and terminations. EDR uses this annual data collection, along with the grievance reports collected throughout the year, to make recommendations to the Governor and General Assembly on possible improvements to the grievance procedure and employee relations management process.	The agency recommends that the data collection continue. EDR is open to suggestions on how the collection process, and what other data elements should be could be improved. EDR also welcomes discussion on efficiencies that could be achieved through reporting over the internet.	No Change
	DERC data collection				A different name for the two reports above. Remove from the reporting list.	Not in use

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Secretary of Education (SOE)	Strategic Plan	Appropriation Act Item 131.A	It is the intent of the General Assembly that institutions of higher education develop strategic plans that promote and sustain the quality, access, accountability, and affordability of Virginia's public institutions of higher education. Institutions must update their strategic plans biennially.		The SOE recommends no change in the requirement.	No Change
	Strategic Plan Progress Report	Appropriation Act Item 131.A	Appropriation Act also requires institutions to submit a progress report on implementing the current strategic plan as well as the progress in achieving the statewide goals of access, quality, accountability and affordability. This is an annual report.	The report functions as self-evaluation of the efforts in meeting the goals identified in the strategic plan.	The SOE, in consultation with SCHEV and DPB, is working to streamline and synchronize strategic reporting requirements for the institutions.	Streamline
	Consolidated Salary Average Report	Code Section 2.1-116	The General Assembly requires the Governor to review and approve compensation payments for all state employees. The governing boards of higher education institutions have the authority to establish and administer compensation for teaching and research staff, provided their plans conform to the Governor's authorization.	The Consolidated Salary Average report provides the necessary information for comparison of the actual average salary with the authorized salary.	The SOE recommends no change in the reporting requirement at this time. The SOE has already made significant efforts to reduce the level of reporting required from institutions for this item. Prior to 1999, if any institution's actual salary average differed from the appropriated salary average by more than one percent, the institution had to file an exception with the Secretary's office. In 1999, the SOE raised the threshold to 3 percent. The SOE further simplified the reporting requirements in 2000 by changing the average salary threshold calculation from a single year to a 3-year average.	No Change

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Secretary of Education (SOE)	Sole Source Procurement Report	Executive Order			On April 1, 1998, Secretary Tillet issued a memo that the Allen Administration had rescinded the Executive Order. The agency heads have the full authority to approve sole source procurements and quarterly reports are no longer necessary.	Eliminate
	International Travel Report	Executive Memorandum 7-94	In order to seek ways to reduce the travel cost, Governor Allen issued Executive Order Memorandum 7-94 to request agency heads to report every out-of-country trip to the Cabinet Secretary and seek approval for attending out-of-state conferences.	The SOE does not currently use the report.	The SOE is willing to eliminate the report.	Not in use
	Out-of-State Conference Approval			The SOE does not currently require the approval process.	The SOE is willing to eliminate the requirement.	Eliminate
Secretary of Technology (SOT)	Agency Technology Procurement Request	Code Section 2.1-51.47	The Secretary of Technology has delegated authority to the Department of Technology Planning (DTP) to review and approve contracts for amounts between $100,000 and $1 million, and make a monthly report to the Secretary of Technology on all such reviews. Contracts over $1 million must be approved by SOT. Only institutions granted decentralization in procurement must submit the request for review and approval.		• The SOT recommends no change in the reporting requirement at this time. • Over the last several years, DTP has raised the minimum contract amount for approval from $50,000 to $100,000. • DTP has already taken steps to streamline its process by producing a policy of automatic approval if the review is not completed within 5 days.	No Change
	Cyber Attack Status Report	Agency Directive	This report was created to provide early notice of virus attacks and to prevent the spread of those viruses throughout state agencies and institutions.	The report functions as a central log of the problems and resolutions so that every agency can benefit. This is not a regular but by incident, report.	The SOT recommends no change in the reporting requirement. Department of Information Technology is collaborating with the Emergency Management Office on the cyber attack issue. The goal is to minimize the reporting burden on state agencies, while maintaining the benefit of an early warning system.	No Change

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Secretary of Technology (SOT)	Information Technology Access Exclusion	Code Section 2.1-811	The Code requires any technology procurement shall comply with the nonvisual access standards for the use of visually-impaired people. However, if the cost for compliance exceeds 5% of the total cost, the agency head can exclude such requirements in contracts. The agency head is required to report to the SOT on all procurements with exclusions annually.	SOT uses the report to monitor that agency procurements with exclusions comply with law.	The SOT recommends no change to this requirement.	No Change
	Major Projects Report	Code Section 2.1-51.47 B.7 & B.8 Code Section 2.1-563.3	The SOT is authorized to direct the modification, suspension, or cessation of any project, which, as the result of a periodic review, has not met the milestones and performance measures. DTP is directed to monitor implementation of information management plans and periodically report its findings to the Secretary of Technology. Report as needed.	SOT uses to the report to monitor the agencies implementation of their information management plans.	The SOT recommends no change to this requirement.	No Change
	Strategic IT Plan	Code Section 2.1-51.47 B.2	All state agencies and higher education institutions are required to submit information technology plans to SOT for approval. The plan is updated annually to reflect the most recent technology plans.		The SOT suggests that the report could be streamlined by incorporating it into DPB's strategic plan requirements.	Streamline
	Authority on Telecommunication Contracts and Review	Code Section 2.1-563.17	The Department of Information Technology (DIT) is directed to review and approve all agreements and contracts for communications services prior to execution between a state agency and another public or private agency.		The SOT recommends no change to the existing requirement.	No Change

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Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Secretary of Technology (SOT)	Term Contracts for Personal Computers	Code Section 2.1-440.1	The Code requires the procurement of personal computers and related peripheral equipment be based on performance criteria including price, quality and delivery without regard to "brand name".		The SOT recommends no change to this requirement.	No Change
Virginia College Building Authority (VCBA)	HEEFT Procedures	Appropriation Act Item 265 B.1	The Appropriation Act directs SCHEV to "establish and maintain procedures through which institutions of higher education apply for allocations made available under the program."	Each fall, institutions submit a list of planned equipment purchases based on the funds they have been allocated. Specific information such as description, estimated cost, program (i.e. instruction, research, etc.) and discipline is included on the authorized list of equipment. SCHEV staff reviews the list to ensure the equipment is allowable for purchase by the Trust Fund. The VCBA relies on SCHEV's review in order to issue bonds.	The Treasury Department, in consultation with SCHEV, is working to streamline the requisition approval process.	Streamline
	Financial Feasibility Study for Capital Projects (9 (c) bonds)	Article X, Section 9 (c) Constitution of Virginia	Section 9 (c) says that before the General Assembly authorizes debt and again before the debt is incurred, the Governor is required to certify that the anticipated net projected revenue pledged to the payment on such debt will be sufficient.	The feasibility study provides information to the Governor for his certification.	The agency recommends no change in the reporting requirement.	No Change
	Financial Feasibility Study for Capital Projects (9 (d) bonds)	Appropriation Act 4-4.01, i.1	The Appropriation Act requires that institutions submit studies to the State Treasury for evaluation of financial feasibility for requests for capital projects financed by 9(c) and 9(d) bonds.	The feasibility study provides information to the State Treasury for evaluating the institution's financing situation and affordability.	The agency recommends no change in the reporting requirement. However, the Treasury Department indicated that it is possible to eliminate the requirement if methods are developed to assure the sound finance and affordability of the bond issuance.	No Change

Attachment 5
Catalog of Central State Agency Reporting and Oversight Requirements for Higher Education

Agency	Current Requirement	Authority	Origin of Requirement	Uses of the Report	Findings	Recommendations for Change
Virginia College Building Authority (VCBA)	Unclaimed Property Report	Code Section 55-210.12	The Code requires holders of funds or property presumed abandoned to make an annual report to the Treasury.	VCBA uses the report to monitor the unclaimed property held by state agencies.	The agency recommends no change to this reporting requirement.	No Change
Virginia Retirement System (VRS)	VRS Tape	Agency Directive	• VRS is authorized to administer the Virginia retirement plan. • All state agencies make a monthly payroll report to VRS. • If an institution is on the CIPPS system, the report is automatically generated at VRS. Only non-CIPPS institutions must submit the report (CWM, GMU, JMU, ODU, UVA, VCU, VMI, and VT).	The data is used for calculating retirement benefits for each state employee.	• In addition to the required reporting, VRS has indicated that many institutions also spend a great deal of time and effort reporting changes in payroll that may impact the cost of benefits for a particular pay period (*e.g.*, an extended unpaid leave). Although the VRS does not require institutions to submit this information, only Virginia Tech has chosen not to report. • VRS staff spends a significant amount of time in making these adjust ments, and has indicated that it is in the process of reviewing the need for tracking such fluctuations, given that retirement benefit levels are based on an employee's highest salary level for 3 con secutive years or more. • In addition, VRS is encouraging institutions to submit this report electronically. Four institutions already do so.	Streamline

Attachment 6

Administrative Benchmarks of the State Council of Higher Education for Virginia

Administrative Benchmark 1: Fundamental business management principles

- The establishment and management of budgets within each major program category;
- Periodic review of budgets and comparisons to actual results of operations;
- Summarized budget versus actual reports should be prepared for review with the institution's executives on a consistent basis;
- University-wide reports also should be submitted and reviewed with the institution's board of visitors or appropriate board committee. Along with a review of the institution's annual financial report and independent audit report, the periodic review of budget versus actual operating reports is a primary way in which the board of visitors carries out its fiduciary responsibility for the institution; and
- Analysis and explanation of variances in sufficient detail for management to be able to evaluate the programs' ability to operate within budget constraints and to take corrective actions as necessary on a timely basis;

Administrative Benchmark 2: Timely reconciliations and account analysis

- A system should be in place that ensures that fixed assets recorded by the institution agree with the records of the Commonwealth;
- Adequate internal controls should be in place to ensure accurate recording and safeguarding of institutional fixed assets;
- Institutional investments recorded in university records should agree with records held by investment managers and trustees;
- Revenues and expenditures recorded in the books of the university should agree where appropriate with the revenues deposited to the Commonwealth's bank accounts and recorded in the books of the treasurer and the expenditures recorded by the state comptroller against the institution's appropriations;
- Institutionally initiated nonmandatory transfers between major programs (e.g. Educational and General Programs, Auxiliary Enterprises, Sponsored Research, Capital Outlay, etc.) should agree with the accounting records of the appropriate state offices and be highlighted in the financial records of the institution.

Administrative Benchmark 3: Financial health indicators

- Expendable fund balances/Plant debt;
- Expendable fund balances/Total expenditures and mandatory transfers;
- Debt serve/Total unrestricted revenue;
- Actual revenue/projected revenue and actual expenditures/projected expenditures;
- Applicants/offers and offers/acceptances;

Administrative Benchmark 4: Effective internal audit

- Internal audit should report directly to the president and/or the board of visitors;
- Regular and routine communications should exist between internal audit and the president (or executive vice president) and/or the board of visitors (through an appropriate board committee);
- The audit function should be reviewed on a regular basis (at least once every five years) by an independent reviewer and receive a satisfactory evaluation. This satisfactory evaluation should include the timely implementation of any review;
- The university should have an annual audit plan that is presented to the board of visitors through the appropriate board committee. The institution should have an established philosophy and overall audit approach.

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